

Reliance Textile Industries Limited

Annual Report 1976-77

Reliance Textile Industries Limited

BOARD OF DIRECTORS:

DHIRUBHAI H. AMBANI, (*Chairman & Managing Director*)
RAMNIKLAL H. AMBANI, (*Joint Managing Director*)
K GOPAL RAO
JAYANTILAL R. SHAH
MANSINGH L. BHAKTA
K. S. SHENOY (*Nominee Director*)
NATVARLAL H. AMBANI, (*Executive Director*)
RAMANLAL C. PATEL, (*Executive Director*)
RASIKLAL L. MESWANI, (*Executive Director*)
MUKESH D. AMBANI

SECRETARY:

VINOD M. AMBANI

BANKERS:

SYNDICATE BANK
BANK OF BARODA
CANARA BANK
STATE BANK OF INDIA
GRINDLAYS BANK LTD.
ANDHRA BANK LTD.
INDIAN OVERSEAS BANK

SOLICITORS & ADVOCATES:

KANGA & CO.
DAVE & CO.

AUDITORS:

RAJENDRA & CO.
CHATURVEDI & SHAH

REGISTRARS & TRANSFER AGENTS:

INDUSTRIAL INVESTMENT TRUST LTD.
61, BOMBAY SAMACHAR MARG
BOMBAY 400 023,

REGISTERED OFFICE:

COURTHOUSE,
DHOBITALAO,
TILAK MARG,
BOMBAY 400 002

MILL :

103/106, NARODA INDUSTRIAL ESTATE,
AHMEDABAD 382 330

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FINANCIAL SUMMARY

Rs. in Lakhs

	1976-77	1975-76 (15 Months)	1974-75	1973-74	1972-73	1971-72
Sales	6,872.59	6,398.64	4,770.04	3,079.47	1,973.81	1,266.47
Other Income	204.78	235.54	122.96	82.51	141.14	45.02
TOTAL (A)	7,077.37	6,634.18	4,893.00	3,161.98	2,114.95	1,311.49
Materials (Cost of Sales)	4,933.45	4,727.33	3,518.86	2,346.79	1,670.36	1,067.24
Salaries	228.10	194.04	124.80	80.22	56.31	36.00
Excise Duty	209.25	207.31	120.48	39.45	44.52	30.25
Stores, Dyes & Chemicals	326.97	302.55	227.24	106.85	104.62	39.28
Interest	275.06	269.57	211.92	126.68	80.97	53.98
Other Expenditure	671.96	590.65	416.46	215.42	158.31	88.21
Net Loss on Export of Art Silk Fabrics of previous year / or Cost of Export Incentives	—	169.16	180.79	227.61	108.26	14.75
	6,644.79	6,460.61	4,800.54	3,143.02	2,223.35	1,329.72
<i>Less: Loss on Export of Art Silk Fabrics recoverable against Export Incentives</i>	—	—	—	180.79	227.61	108.26
TOTAL (B)	6,644.79	6,460.61	4,800.54	2,962.23	1,995.74	1,221.46
Operating Profit (A-B): (C)	432.58	173.57	92.46	199.75	119.21	90.03
Depreciation	134.51	114.10	42.41	28.15	23.55	16.74
Investment Allowance Reserve/ Development Rebate Reserve	75.00	—	18.30	11.50	26.50	15.80
Provision for Taxation	5.00	—	10.00	—	0.03	0.03
Dividend	89.27	17.85	—	4.50	—	—
Preliminary and Development Expenses writ-ten off	—	0.45	—	—	—	—
TOTAL (D)	303.78	132.40	70.71	44.15	50.08	32.57
Net Profit TOTAL (C-D)	128.80	41.17	21.75	155.60	69.13	57.46
Transfer to General Reserve	128.75	41.15	6.00	155.60	69.12	57.46
Surplus as per Profit & Loss Account	0.05	0.02	15.75	—	0.01	—
Dividend declared/recommended	89.27	17.85	15.30	6.75	—	—

Reliance Textile Industries Limited

Rs. in Lakhs

	1976-77	1975-76	1974-76	1973-74	1972-73	1971-72
1. WHATTHE COMPANY OWNED:						
1. Fixed Assets:						
Gross Block	1,699.92	1,278.90	973.75	694.48	531.00	385.72
Less: Depreciation	248.47	114.10	134.08	92.32	64.34	40.80
NET BLOCK	1,451.45	1,164.80	839.67	602.16	466.66	344.92
2. Investments	0.38	0.31	0.27	0.27	0.25	0.24
3. Net Current Assets (Excess of Current Assets, Loans and Ad- vances over Current Liabilities and Provi- sions)	666.48	739.85	513.81	803.48	514.86	278.88
TOTAL	2,118.31	1,904.96	1,353.75	1,405.91	981.77	624.04
2. WHATTHE COMPANY OWED:						
4. Secured Loans	1,100.60	1,157.05	802.01	892.71	642.40	381.69
5. Unsecured Loans	63.55	27.53	0.78	10.04	8.30	6.90
TOTAL	1,164.15	1,184.58	802.79	902.75	650.70	388.59
3. NETWORTH OFTHE COMPANY:						
6. Share Capital	595.11	595.11	170.00	80.00	75.00	75.00
7. Share Application Monies	30.00	—	—	—	—	—
8. Reserves & Surplus	329.05	125.27	380.96	423.16	256.07	160.45
TOTAL	954.16	720.38	550.96	503.16	331.07	235.45

NOTE: Figures pertaining to Accounting Years ending till 30th June, 1975 relate to those of the amalgamating company. whereas for years ending on 30th September, 1976 (15 months) and 30th September, 1977 are of the amalgamated Company.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in submitting the 4th Annual Report together with the Audited Statement of Accounts for the year ended 30th September, 1977.

FINANCIAL RESULTS:

	Current Year Rs. in Lakhs	Previous Year Rs. in Lakhs
Gross Profit for the year	436.02	174.76
From this, following provisions and/or appropriations have been made:		
(a) Depreciation	134.51	114.10
(b) Investment Allowance Reserve	5.00	—
(c) Taxation	5.00	—
(d) Doubtful Debts	3.46	1.19
(e) Preliminary & Development expenses written off	—	0.45
	217.97	115.74
There remains a balance of	218.05	59.02
Adding thereto:		
The balance being brought forward from previous year	0.02	—
Disposable profit amounts to	218.07	59.02
Less: Recommended Dividend	89.27	17.85
Retained Profits	128.80	41.17
Less: Transferred to General Reserve	128.75	41.15
Leaving a balance to be carried forward to next year's accounts	0.05	0.02

NOTE: The figures of Profit of the current year are not comparable with those of the previous year since previous year's figures incorporate the result of the working of the amalgamating Company for the period from 1st July 1975 to 30th September, 1976, i.e. for the period of 15 months, whereas the current year's figures represent working results for 12 months only.

DIVIDEND:

Your Directors recommend for consideration at the Annual General Meeting declaration and payment of dividend at Rs. 1.50 per share (subject to deduction of tax at source) on 59,51,100 equity shares of Rs. 10/- each out of the provision made for dividend in the accounts.

In view of the recent decisions given by various judicial authorities in respect of tax holiday profit allowable under Section 80J of the Income Tax Act, 1961 and the similar claim of our Company is pending before the judicial authority, the Company expects to gain further benefit of Rs. 66.18 lakhs in respect of Section

Reliance Textile Industries Limited

80J for its past assessments. This benefit when passed on to the shareholders under Section 80K of the Income Tax Act, 1961 will entitle the shareholders to the proportionate tax free dividend.

REGISTERED OFFICE:

The Company's petition for shifting the Registered Office from the State of Karnataka to the State of Maharashtra was allowed by the Company Law Board. The said order was registered with the Registrar of Companies, Karnataka and Maharashtra and accordingly the Registered Office of the Company has been shifted from the State of Karnataka to the State of Maharashtra on 4th August, 1977.

OFFER FOR SALE:

The financial institutions while sanctioning loan for Company's last expansion project stipulated inter alia that the Company should take necessary steps to get its equity shares listed on two recognised Stock Exchanges. The Company, in order to satisfy this requirement requested certain shareholders to release their existing shares to the public by way of Offer for Sale. The Company, therefore, entered into an agreement with the shareholders to release the shares to the public for which the Stock Exchange, Bombay, had intimated Government's approval as under:

DISTRIBUTION OF EQUITY SHARES	
Shareholdings Number of Share	Number of Shareholders
Upto 200	56,129
225 to 1,000	1,647
1,050 to 5,000	1.25
Above 5,000	48
	Total 57,949
Shareholders as at 23-1-1978 pursuant to the Offer for Sale and on the basis of allocation approved by the Stock Exchange, Bombay.	

1. Offer for Sale of 28,20,000 equity shares of Rs. 10/- each for cash at par before January, 1978.
2. Further Offer for Sale of 4,80,000 equity shares of Rs.10/- each to the members of the public within a period of one year from the date of first offer.
3. Further Offer for Sale of 1,00,000 equity shares of Rs.10/- each privately to the employees of the Company during June/July 1978.

In terms of the above, an Offer for Sale was made by Shri Dhirajlal Hirachand Ambani and Shri Natvarlal Hirachand Ambani in their own capacity and as Constituted Attorneys for other offer or shareholders. The application list for Offer for Sale was opened on 15th November, 1977 and closed at the close of Banking hours on 17th November, 1977. The offerors received overwhelming support from the investing public for this offer, which resulted in applications for shares to the tune of 7.19 times the shares offered. The allocation basis was finalised within a short time of 30 days from the date of closure i.e. 17th December, 1977 in consultation with the Stock Exchange, Bombay. Further, the transfer formalities and issuance of share certificates have been completed and the shares of the Company have been listed on the Stock Exchanges at Bombay and Ahmedabad with effect from 23rd January, 1978.

M.R.T.P.

The Company is now registered under Section 26 of the Monopolies and Restrictive Trade Practices Act, 1969.

PARTICIPATION IN RURAL DEVELOPMENT

In order to fulfill the social obligations of the Company to promote social and economic welfare of the weaker sections of the society residing in remote rural areas, completely cut off from even the elementary

necessities of life, such as, drinking water, roads, medical aid, facilities for education and employment etc. (a new section 35CC of the Income Tax Act 1961 has been introduced from 1st September, 1977 which provides for deductibility of expenditure incurred on programmes of rural development with the prior approval of the prescribed authority). It is proposed to suitably amend the Memorandum of Association of the Company to enable the Company to engage itself in this laudable work.

EXPANSION PROJECT:

The Company has arranged with the financial institutions for providing financial assistance to the extent of Rs. 857 lakhs as under for its expansion project of Rs. 1250 lakhs to increase its yarn processing, weaving, printing and fabrics processing capacities. The balance amount will be met from the internal resources.

	Rs. in Lakhs	Rs. in Lakhs
1. Issue of 30,000 11% Cumulative Redeemable Preference Shares of Rs. 100 each to General Insurance Corporation and its subsidiaries		30
2. Issue of Debentures to Unit Trust of India		35
3. Foreign Exchange Loan from ICICI		239
4. Deferred Payment facility from foreign machinery supplier		118
5. Rupee term loans:		
i) Industrial Development Bank of India	185	
ii) Life insurance Corporation of India	125	
iii) Industrial Finance Corporation of India	100	
iv) General Insurance Corporation & its subsidiaries	25	435
		<u>857</u>

The Company has already obtained money towards Preference Share Capital, issuance of debentures, deferred payment facilities from machinery supplier. and bridge loan against the term loan. The required documents are yet to be executed and an application has been made to the Controller of Capital Issues for the consent to issue Preference Shares. The expansion programme of the weaving and processing division has been completed before the end of the last financial year and the balance part of the expansion programme is expected to be completed by the middle of the current financial year.

PRODUCTION:

During the year processing of crimped and twisted yarn has been stepped up to 1763 tonnes compared to 1467 tonnes during the previous period of 15 months. This results into an increase of 50 per cent on an annual basis. The manufacturing of finished fabrics has been stepped up to 133.81 lakhs metres compared to 147.69 lakhs metres during the previous period of 15 months. This results into an increase of 13 per cent on an annual basis. The company has improved the quality of its products.

SALES:

The net turnover during the year has been stepped up to Rs. 66.94 crores as against Rs. 62.73 crores during the previous period of 15 months. This results into an increase of 30 per cent on an annual basis. The increase in turnover can be attributed to varied and superior varieties and better quality of the products,

EXPORTS:

The Company has been able to improve its exports during the year to Rs. 621 lakhs on f.o.b. basis as against Rs. 682 lakhs on f.o.b. basis during the previous period of 15 months, This results into an increase

Reliance Textile Industries Limited

of 13 per cent on an annual basis. The Company has received various export awards for its outstanding export performance. The Company continues to explore fresh avenues for its products in the international market.

DEPOSITS:

The Company has not accepted any deposits from the public and is not therefore required to furnish information in respect of outstanding deposits under Non-Banking, Non-Financial Companies (Reserve Bank) Directions, 1966 and Company's (Acceptance of Deposits) Rules, 1975.

DIRECTORS:

Shri Jayantilal R. Shah and Shri Mansingh L. Bhakta who were appointed as Additional Directors will retire pursuant to the provisions of Section 260 of the Companies Act, 1956 but are eligible for re-election.

Shri Natvarlal Hirachand Ambani and Shri Rasiklal Lallubhai Meswani retire from the office by rotation and being eligible offer themselves for re-election.

GRATUITY:

The Company has a Gratuity Fund for its employees duly approved by the Commissioner of Income Tax. Actuarial valuation of gratuity liability has been worked out for the year ended 30th September, 1977 and the Company will deposit the necessary amount with the Trustees of the Gratuity Fund.

INSURANCE

The buildings, plant and machinery, stores and spares, stock of raw material, stock of finished materials etc., wherever necessary and to the extent required have been adequately insured.

PARTICULARS OF EMPLOYEES:

Particulars of employees is given in the annexure to this Report in accordance with the provisions of Section 217(2-A) of the Companies Act, 1956 read with Company's (Particulars of Employees) Rules, 1975.

AUDITORS:

M/s. Rajendra & Co. and M/s. Chaturvedi & Shah, Chartered Accountants, hold the office as Joint Auditors of the Company till the conclusion of this Annual General Meeting. In accordance with the provisions of Section 224 of the Companies Act, 1956, a certificate has been obtained from M/s. Rajendra & Co., and M/s. Chaturvedi & Shah, separately to the effect that their reappointment, if made, will be in accordance with the limits specified in sub-section 1-B of the Section 224 of the Companies Act, 1956. The shareholders are requested to appoint Auditors for the current year to hold office till the next Annual General Meeting and to fix their remuneration.

APPRECIATION:

Your Directors wish to place on record their deep appreciation of the devoted services rendered by the Officers, Staff and Workers of the Company for its successful working.

Place: BOMBAY,
Dated the 23rd January, 1978.

For and on behalf of the Board,
DHIRUBHAI H. AMBANI
Chairman

Reliance Textile Industries Limited

AUDITORS' REPORT

To
The Shareholders

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED, as at 30th September, 1977 and also the annexed Profit and Loss Account of the Company for the year ended on that date and have to observe as under:

Attention is invited to the Notes appearing in the Schedules and to the Notes forming part of the accounts. Subject to above, we report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanation given to us, the accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 30th September, 1977; and
 - ii) in the case of the Profit and Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such check as we consider appropriate, we further report that:-

- i) The Company has maintained records showing quantitative details of plant and machinery, land and buildings, and vehicles only. In our opinion, these records require to incorporate various other information as required by item No. 4(A)(i) of the said order. We are informed by the management that they have carried out physical verification of fixed assets except furniture and fixtures and factory equipments during the year and that no serious discrepancies were noticed on such verification as compared with the available records.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) Physical verification was conducted by the management once during the year in respect of finished goods, stores, spare parts and raw materials other than stock lying with third parties for job work. The discrepancies on such verification

as compared to book records were insignificant and the same have been dealt with in the books of account. In our opinion, the valuation of the above mentioned stock is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.

- iv) We are informed by the management that the Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 and 370(1-C) of the Companies Act, 1956 or which are otherwise companies under the same management.
- v) Loans and Advances in the nature of Loans have been given to employees only. The loans are being free of interest and the terms of repayment of loans are not separately specified. The recovery of the principal amount was not regular in few cases and in some of the cases there were no recovery at all. We are informed that necessary steps are being taken by the management for recovery thereof.
- vi) On the basis of selective checks carried out during the course of audit and according to the information and explanation given to us there is adequate internal control procedure commensurate with the size of the Company for the purchase of raw material and plant and machinery. As far as other items are concerned, the internal control procedure requires further improvement.
- vii) We are of the opinion that the prices paid for the purchases of raw materials and dyes and chemicals in excess of Rs. 10,000/- in value from firms or companies or other parties in which the Directors are interested, as provided in Section 299 of the Companies Act, 1956, are reasonable as compared to the prices of similar items as per price quotations of other parties considering the fact that for certain specialised items alternative sources were, we are informed, not readily available. As far as conversion jobs done for the Company by another companies in which directors are interested are concerned, the Company has not got it done similar work from others and as such comparison of rates is not possible. We are informed by the management that charges so paid are reasonable having regard to the nature and quality of work involved.
- viii) According to the information and explanation given to us, the Company has not determined itemwise unserviceable or damaged stores and materials, dyes and chemicals and packing materials at the end of the accounting year. As explained to us, the quantum of loss, if any, being not of any significant value, no provision is made in the accounts for the loss.
- ix) Since the Company has not accepted any deposits during the year, the provision of Section 68-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- x) According to the information and explanations given to us, the Company has no by-products. The Company is, in our opinion, maintaining reasonable records of the sale of waste produced by it, however, there are no records for collection of waste from time to time.
- xi) The internal audit system introduced last year by the Company requires further improvement commensurate with the size and nature of the business of the Com-

Reliance Textile Industries Limited

pany. We have been informed by the Management that appropriate steps are being taken by the Company in this regard.

- xii) Maintenance of cost records has not been prescribed by the Central Government u/s. 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- xiii) According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
- xiv) In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year, therefore, no provision for any loss is required to be made in the accounts.

BOMBAY

Dated: 25th January, 1978

For **CHATURVEDI & SHAH**

Chartered Accountants

D. CHATURVEDI

Partner

For **RAJENDRA & CO**

Chartered Accountant

R.J. SHAH

Proprietor

**BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT**

Reliance Textile Industries Limited

BALANCE SHEET AS AT 30TH SEPTEMBER, 1977

		As at 30th September, 1977		As at 30th September 1976	
Schedule		Rs.	Rs.	Rs.	Rs.
FUNDS EMPLOYED:					
1.	SHARE CAPITAL	'A'	5,95,11,000	6,95,11,000	
2.	SHARE APPLICATION MONIES				
	(Refer Note No. 15 in -Notes forming part of the Accounts-)				
			30,00,000	—	
3.	RESERVE & SURPLUS	'B'	3,29,04,825	1,25,26,986	
	TOTAL SHAREHOLDERS' FUND		9,54,15,825	7,20,37,986	
4.	SECURED LOANS	'C'	11,00,59,917	11,57,05.424	
5.	UNSECURED LOANS	'D'	63,54,881	27,52,899	
			21,16,30,623	19,04,96,309	
FUNDS APPLIED:					
6.	FIXED ASSETS	'E'	14,51,44,752	11,64,80,272	
7.	INVESTMENTS	'F'	37,850	31,125	
8. CURRENT ASSETS, LOANS & ADVANCES:					
a)	CURRENT ASSETS	'G'	17,48,41,677	15,03,50,963	
b)	LOANS & ADVANCES	'H'	91,28,234	62,57,869	
			18,39,69,911	15,66,08,832	
Less:	CURRENT LIABILITIES AND PROVISIONS	'I'	11,73,21,890	8,26,23,920	7,39,84,912
			21,18,30,623	19,04,96,309	

NOTES & CONTINGENT LIABILITIES

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,

R. J. SHAH
Proprietor

For **CHATURVEDI & SHAH,**
Chartered Accountants.

D. CHATURVEDI
Partner

V.M.AMBANI
Secretary

D.H.AMBANI
Chairman & Managing Director

R. H. AMBANI
Joint Managing Director

K. GOPAL RAO
J. R. SHAH
M. L BHAKTA
N. H. AMBANI
R. C. PATEL
R. L MESWANI } Directors

BOMBAY
Dated: 25th January, 1918

BOMBAY
Dated: 23rd January, 1978

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1977

				Previous Year	
	Schedule	Rs.	Rs.	Rs.	Rs.
INCOME:					
Sales (Less: Returns. Rebates. Excise Duty, Sales Tax. etc.)		66,93,43.861		62,72,87,643	
Other Income	'J'	2,04,78,207		2,35,54,532	
Increase in Stocks	'K'	<u>73,43,534</u>	69,71,65,602	<u>3,46,11,725</u>	68,54,53,900
EXPENDITURE:					
Purchases		21,88,40,584		25,45,37,639	
Manufacturing and other Expenses	'L'	40,68,72,029		38,61,28,347	
Interest	'M'	2,75,05,653		2,69,56,768	
Depreciation		1,34,50,636		1,14,10,111	
Directors' Fees		750		—	
Remuneration to:					
Managing Directors		Rs. 96,000			
Other Directors		<u>Rs. 1,08,000</u>			
		2,04,000		2,56,000	
Loss on sale and/or discarding of assets (Net)		1,41,774		99,705	
Balance of Preliminary and Development ExpensesWritten-off	'N'	—		45,111	
Provision for Doubtful Debts		3,45,687		1,18,903	
Provision for Taxation		<u>5,00,000</u>	66,78,61,113	—	67,95,51,584
PROFIT FOR THE YEAR			2,93,04,489		59,02,316
Add: Balance as per last Balance Sheet			1,986		—
			<u>2,93,06,475</u>		<u>59,02,316</u>
APPROPRIATIONS:					
Proposed Dividend		89,26,650		17,86,330	
Transfer to General Reserve		1,28,75,000		41,15,000	
Transfer to Investment Allowance Reserve		<u>75,00,000</u>	2,93,01,650	—	59,00,330
SURPLUS CARRIED TO BALANCE SHEET			<u>4,825</u>		<u>1,986</u>
NOTES	'O'				

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,**R. J. SHAH**
ProprietorFor **CHATURVEDI & SHAH,**
Chartered Accountants.**D. CHATURVEDI**
Partner**V.M.AMBANI**
Secretary**D. H. AMBANI**
Chairman & Managing Director**R. H. AMBANI**
Joint Managing Director

K. GOPAL RAO J. R. SHAH M. L. BHAKTA N. H. AMBANI R. C. PATEL R. L. MESWANI	}	Directors
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BOMBAY
Dated: 25th January, 1978BOMBAY
Dated: 23rd January, 1978

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

		As at 30th September, 1977 Rs.	As at 30th September 1976 Rs.
SHARE CAPITAL:			
Authorised:			
80,00,000	Equity Shares of Rs. 10/- each (Previous Year 30,00,000 Equity Shares of Rs. 10/- each)	8,00,00,000	3,00,00,000
1,00,000	11% Cumulative Redeemable Preference Shares of Rs. 100/- each. (Redeemable before 15 years but not earlier than 12 years) (Previous Year 75,000-9.3% Cumulative Redeemable Preference Shares)	1,00,00,000	75,00,000
10,00,000	Unclassified Shares of Rs. 10/- each	1,00,00,000	—
		<u>10,00,00,000</u>	<u>3,75,00,000</u>
Issued & Subscribed:			
59,51,100	Equity Shares of -Rs. 10/- each (Of the above Equity Shares, 59,50,000 Shares are allotted as fully paid up, pursuant to the Scheme of the amalgamation, without payment being received in cash).	5,95,11,000	5,95,11,000
		<u>5,95,11,000</u>	<u>5,95,11,000</u>

SCHEDULE 'B'

		As at 30th September, 1977 Rs.	As at 30th September, 1977 Rs.	As at 30th September 1976 Rs.	As at 30th September 1976 Rs.
RESERVES & SURPLUS :					
i)	Development Rebate Reserve: (As per last Balance Sheet)		84,10,000		84,10,000
ii)	General Reserve: As per last Balance Sheet	41,15,000		—	
	Add: Amount transferred from, Profit & Loss Account	<u>1,28,75,000</u>	1,69,90,000	<u>41,15,000</u>	41,15,000
iii)	Investment Allowance Reserve: (Provided during the year)		75,00,000		—
iv)	Profit & Loss Account:		4,825		1,986
			<u>3,29,04,825</u>		<u>1,25,26,986</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET**SCHEDULE 'C'**

	As at 30th September, 1977		As at 30th September 1976	
	Rs.	Rs.	Rs.	Rs.
SECURED LOANS				
From Banks:				
i) Secured against Equitable Mortgage of land, building and hypothecation of plant and machinery and guaranteed by the Managing & Executive Directors in their personal capacity.	96,00,000		1,14,50,000	
Interest accrued and due on above.	<u>1,30,192</u>	97,30,192	<u>44,618</u>	1,14,94,618
ii) Secured against Pledge and/or Hypothecation of raw materials, dyes and chemicals, finished and Semi-finished goods, and guaranteed by the Managing & Executive Directors in their personal capacity.	4,73,25,200		5,80,97,160	
Interest accrued and due on above.	<u>2,56,648</u>	4,75,81,848	<u>10,71,654</u>	5,91,68,814
iii) Under Packing Credit Loan (Secured against deposit of firm contracts, covering export of synthetic fabrics, duty drawback, cash incentives and yarn replenishment benefits and guaranteed by the Managing & Executive Directors in their personal capacity).	2,34,60,567		2,51,32,000	
Interest accrued and due on above.:	<u>4,73,387</u>	2,39,33,954	<u>7,59,403</u>	2,58,91,403
Carried forward		<u>8,12,45,994</u>		<u>9,65,54,835</u>

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

	As at 30th September, 1977		As at 30th September 1976	
	Rs.	Rs.	Rs.	Rs.
Brought forward		8,12,45,994		9,65,54,835
From Others:				
i) From the Industrial Credit & Investment Corporation of India Ltd. (Secured against irrevocable guarantee by Syndicate Bank in lieu of Hypothecation of Plant & Machinery and guarantee given by the Managing & Executive Directors in their personal capacity).		1,69,27,945	1,91,15,507	
Interest accrued and due on above.	1,88,978	1,71,16,923	35,082	1,91,50,589
ii) From Industrial Finance Corporation of India (Bridging Loan secured against irrevocable Bank Guarantee and also guarantee given by the Managing Directors).		50,00,000	—	
iii) From Industrial Development Bank of India (See Note No. 12 in "Notes forming part of the Accounts").		66,97,000		—
		<u>11,00,59,917</u>		<u>11,57,05,424</u>

SCHEDULE 'D'

	As at 30th September, 1977		As at 30th September 1976	
	Rs.		Rs.	
UNSECURED LOANS:				
i) From Unit Trust of India received by way of Advance Deposit towards privately placed Debentures of the Company to be issued.		35,00,000		—
ii) From Banks: Overdrawn Balance (as per books of Accounts) in Current Account with Scheduled Banks (since cleared).		28,54,881		27,52,899
		<u>63,64,881</u>		<u>27,52,899</u>

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'E'

Sr. No.	Nature of the Fixed Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		Cost as at 30-9-1976, Rs.	Additions Rs.	Deductions Rs.	Balance as on 30-9-1977 Rs.	To 30-9-1976 Rs.	Deductions Rs.	For the Year Rs.	Total Rs.	As at 30-9-1977 Rs.	As at 30-9-1976 Rs.
1	Goodwill	1,28,24,281	—	—	1,26,24,281	—	—	—	—	1,26,24,281	1,26,24,281
2	Leasehold Land	28,77,233	2,05,210	—	30,82,443	—	—	—	—	30,82,443	28,77,233
3	Freehold Land	3,35,530	—	—	3,35,630	—	—	—	—	3,35,530	3,35,530
4	Buildings	2,31,75,738	89,87,101	1,83,268	2,99,79,689	4,81,018	7,285	5,22,957	9,96,690	2,89,82,879	2,26,94,718
5	Plant & Machinery	7,88,31,512	3,10,09,739	—	10,96,41,251	1,04,01,105	—	1,23,48,698	2,27,49,803	8,68,91,448	6,82,30,407
6	Electric Installation	43,11,913	9,20,342	41,299	51,90,956	1,71,399	1,642	1,65,074	3,34,831	48,56,125	41,40,514
7	Furniture & Fixtures	36,27,713	26,61,133	560	62,88,286	1,78,574	24	2,47,581	4,26,131	58,62,165	34,49,139
8	Factory Equipment	9,08,225	3,84,932	—	12,93,157	38,101	—	41,122	77,223	12,15,934	8,72,124
9	Vehicles	13,98,240	2,08,007	49,529	15,56,718	1,41,914	4,357	1,25,204	2,62,761	12,93,957	12,56,326
	TOTAL	12,78,90,383	4,23,78,464	2,74,656	16,99,92,191	1,14,10,111	13,308	1,34,50,636	2,48,47,439	14,51,44,752	11,64,80,272

NOTES: 1. The figure of Additions to Plant & Machinery includes Rs. 4,57,359/- being machinery-awaiting-installation.

2. The figures of Buildings as at 30th September 1977 includes Rs. 10,94,051/- being cost of ownership premises in co-operative societies.

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'F'

	As at 30th September, 1977		As at 30th September 1976	
	Rs.	Rs.	Rs.	Rs.
INVESTMENTS (at Cost) (Unquoted)				
Government Securities:				
12 Years National Defence Savings Certificates of the face value of Rs. 5000/- (Deposited with Central Excise Collectorate and Post and Telegraph Department)	5,100		5,000	
7 Years National Savings Certifi- cates of the face value of Rs. 4,000/- (out of which certificates of Rs. 2000/- deposited with Central Excise Collectorate authori- ties).	<u>4,000</u>	9,100	<u>4,000</u>	9,000
Shares:				
6 Equity Shares of New Piece Goods Bazar Co. Ltd. of Rs. 1000/- each, fully paid up (face value Rs. 6000/-)	17,000		17,000	
5 Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-opera- tive Shops & Warehouses Society Ltd. of Rs. 200/- each, fully paid-up (face value Rs. 1000/-)	1,000		1,000	
165 Shares of Synthetic and Art Silk Mills' Co-operative Society Ltd. of Rs. 100/- each Rs. 25/- per share paid-up (face value Rs. 16,500/-)	4,125		4,125	
225 Shares of Crimpers' Industrial Co- operative Society Ltd. of Rs. 100/- each Rs. 25/- per share paid-up (face value Rs. 22,500/-)	5,625		—	
10 Shares of New Usha Kiran Co-ope- rative Housing Society Ltd. of Rs. 100/- each, fully paid-up (Refer Note No. 20 in ---Notesforming part of the Accounts")	<u>1,000</u>	<u>28,750</u>	<u>—</u>	<u>22,125</u>
		<u>37,850</u>		<u>31,125</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET**SCHEDULE 'G'**

	As at 30th September, 1977		As at 30th September 1976	
	Rs.	Rs.	Rs.	Rs.
CURRENT ASSETS:				
i) Stores. Chemicals and Spare Parts: (at cost)				
(Certified and valued by the Managing Director)		1,21,13,814		1,25,97,532
ii) Stock-in-trade: (at cost) (Certified and valued by the Managing Director)				
Raw Materials	1,74,14,348		1,52,69,123	
Stock-in-transit	32,99,691		1,30,54,279	
Stock-in-process	2,94,67,877		2,77,13,334	
Finished Goods	5,41,85,612		4,64,30,587	
Others	51,52,423	10,95,19,951	73,18,457	10,97,85,780
iii) Cost of Import Entitlements.. (Under Export Promotion Scheme)		35,71,064		35,50,415
iv) Sundry Debtors: (Unsecured, considered good, save and except otherwise stated, subject to confirmation)				
i) Debts for a period exceeding six months-				
Considered Good	56,27,775		46,45,345	
Considered Doubtful	6,22,941		2,77,254	
	62,50,716		49,22,599	
Less: Provision for Doubtful Debts	6,22,941		2,77,254	
Carried forward	56,27,775	12,52,04,829	46,45,345	12,59,33,727

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

	As at 30th September, 1977		As at 30th September 1976	
	Rs.	Rs.	Rs.	Rs.
Brought forward	56,27,775	12,52,04,829	46,45,345	12,59,33,727
ii) Others: (including Rs. 7,828/- due from Companies in which some of the Directors are interested as Directors (Previous Year Rs. 33,28,738/-) and Rs. NIL due from firms in which some of the Directors are interested as Partners. (Previous Year Rs. NIL) Maximum amount due at any time during the year Rs. 1,44,98,719/- and Rs. NIL respectively (Previous Year Rs. 1,88,31,297/- and Rs. 1,27,92,318/- respectively)	<u>4,26,23,496</u>	4,82,51,271	<u>1,83,13,019</u>	2,29,58,364
v) Cash & Bank Balances:				
Cash on Hand	3,11,762		2,25,467	
In Current Account with Scheduled Banks	<u>10,73,815</u>	<u>13,85,577</u>	<u>12,33,405</u>	<u>14,58,872</u>
		<u>17,48,41,677</u>		<u>15,03,50,963</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET**SCHEDULE 'H'**

	As at 30th September, 1977 Rs.	As at 30th September 1976 Rs.
LOANS & ADVANCES:		
(Unsecured. considered Good)		
Advances recoverable in cash or kind or for value to be received	63,21,131	37,54,308
Advance against Capital Expenditure	9,66,590	7,50,262
Advance Income Tax	1,67,239	1,56,151
Advance and Loans to Employees (includ- ing to the Officers Rs. 2,36,033/-, Previous Year Rs. 2,65,840/-). Maximum Debit Balance at any time during the Year Rs. 4,75,724/- (Previous Year Rs. 5,92,654/-)	12,05,296	8,87,978
Prepaid Expenses	1,12,838	3,32,916
Sundry Deposits	3,55,140	3,76,254
	<u>91,28,234</u>	<u>62,57,869</u>

SCHEDULE 'I'

	As at 30th September, 1977 Rs.	As at 30th September, 1977 Rs.	As at 30th September 1976 Rs.
CURRENT LIABILITIES & PROVISIONS :			
A. Current Liabilities:			
Sundry Deposits received	15,23,871		11,61,971
Sundry Creditors	10,53,25,037		7,86,55,288
Unclaimed Dividend	23,115		10,087
Interest accrued but not due on loans	23,217		11,244
B. Provisions:			
Provision for Taxation	15,00,000		10,00,000
Proposed Dividend	89,26,650	1,04,26,650	17,85,330
	<u>11,73,21,890</u>		<u>8,26,23,920</u>

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'J'

		Previous Year
OTHER INCOME:	Rs.	Rs.
Incentives, Assistance and Drawbacks on Export received	1,87,47,528	1,57,09,131
Processing and Crimping Charges earned	1,350	66,79,444
Interest Received (Gross)	7,960	1,825
INCOME FROM INVESTMENTS:		
Dividend Received (Gross) (Tax deducted at source Rs. 69/-)	300	90
Miscellaneous Receipts	17,21,069	11,64,042
	<u>2,04,78,207</u>	<u>2,35,54,532</u>

SCHEDULE 'K'

	Rs.	Rs.	Previous Year	
VARIATION IN STOCKS:			Rs.	Rs.
Stock-in-trade: (at close)				
Finished Goods	5,41,85,612		4,64,30,587	
Stock-in-process	2,94,67,877		2,77,13,334	
Others	<u>51,52,423</u>	8,88,05,912	<u>73,18,457</u>	8,14,62,378
Stock-in-trade (at commencement)				
Finished Goods	4,64,30,587		3,30,06,605	
Stock-in-process	2,77,13,334		1,17,04,822	
Others	<u>73,18,457</u>	8,14,62,378	<u>21,39,226</u>	4,68,50,653
		<u>73,43,534</u>		<u>3,46,11,725</u>

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'L'

		Previous Year	
MANUFACTURING & OTHER EXPENSES:	Rs.	Rs.	Rs.
Raw Materials Consumed:			
Stock as at 1st October, 1976	1,52,69,123	63,97,647	
Add: Purchases	28,39,93,459	26,16,77,251	
	29,92,62,582	26,80,74,898	
Less: Stock as at 30th September, 1977	1,74,14,348	1,52,69,123	25,28,05,775
Cost of Export Incentives on Amalgamation		—	1,69,16,327
Manufacturing Expenses:			
Carriage Inward	13,67,857	13,86,567	
Stores and Spare parts consumed	88,21,523	63,65,980	
Dyes & Chemicals	2,38,74,814	2,38,89,543	
Electric Power, Fuel and Water	1,17,17,251	1,04,32,325	
Machinery Repairs	12,05,558	12,45,383	
Factory Building Repairs	16,74,513	10,07,549	
Labour, Processing and Loom Hire Charges	82,11,648	77,08,302	
Excise Duty paid on Crimped Yarn	94,25,448	1,02,71,555	6,23,07,204
Payments to and Provision for Employees:			
Salaries, Wages and Bonus	1,97,03,444	1,64,17,984	
Contribution to Employees' State Insurance Scheme, Provident Fund and Family Pension Scheme	18,99,242	19,10,442	
Employees' Welfare and other Amenities	12,07,154	10,75,996	1,94,04,422
Sales and Distribution Expenses:			
Samples, Sales promotion and Advertisement Expenses	94,73,710	78,77,045	
Brokerage and Commission	37,28,286	38,65,427	
Export Expenses	30,88,894	32,07,366	
Packing Expenses	78,15,079	77,32,193	
Carriage Outward	6,53,070	8,75,816	
Sales Tax	—	7,845	2,35,55,692
Carried forward	39,57,15,725		37,49,89,420

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

			Previous Year	
	Rs.	Rs.	Rs.	Rs.
Brought Forward	39,57,15,725			37,49,89,420
Establishment Expenses:				
Insurance Charges	10,47,598		10,31,363	
Rent	88,038		1,14,663	
Payment to Auditors:-				
As Audit Fees	50,000		45,300	
As Remuneration for Certification and consultation in Finance matters	39,000		—	
Out-of-pocket expenses (expenses re-imbursed and/or incurred by the Company)	58,098	1,47,098	12,214	
Travelling Expenses (including Rs. 2,17,565/- for Directors)	20,36,343		21,79,351	
General Expenses	61,57,043		62,51,889	
Guarantee Commission	7,89,775		8,95,024	
Other Repairs	4,91,711		3,58,895	
Rates and Taxes	61,524		1,04,512	
Charity Er Donation	3,37,174	1,11,56,304	1,45,716	1,11,38,927
		40,68,72,029		38,61,28,347

SCHEDULE 'M'

		Previous Year
	Rs.	Rs.
INTEREST PAID:		
On Term Loans	52,03,281	70,58,915
On Other Accounts	2,23,02,372	1,98,97,853
	2,75,05,653	2,69,56,768

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'N'

MISCELLANEOUS EXPENDITURE:

Preliminary Expenses
Development Expenditure

Less: Share of Karnataka State Industrial Investment
Development Corporation Limited, borne by them

Written-off during the year

	Previous Year	
Rs.	Rs.	Rs.
—	61,903	
—	70,086	1,31,989
—		86,878
—		45,111
—		45,111
		NIL

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,

R. J. SHAH
Proprietor

For **CHATURVEDI & SHAH,**
Chartered Accountants.

D. CHATURVEDI
Partner

V.M.AMBANI
Secretary

D.H.AMBANI
Chairman & Managing Director

R. H. AMBANI
Joint Managing Director

K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Directors

BOMBAY
Dated: 25th January, 1918

BOMBAY
Dated: 23rd January, 1978

Reliance Textile Industries Limited

SCHEDULE 'O'

Notes and Contingent Liabilities Forming Part of the Accounts for the year ended 30th September, 1977.

1. Reliance Textile Industries Limited, Bombay, was amalgamated with effect from 1st July 1975 with the Company pursuant to approval of scheme of amalgamation by High Courts of Judicature at Karnataka and Bombay on 13th January 1977 and 24th November, 1976 respectively. Shareholders of the amalgamating Company were allotted 59,50,000 Equity Shares on 9th May, 1977, pursuant to consent letter of 23rd April, 1977 received from the Controller of Capital Issues, New Delhi. In terms of the special resolution passed by the members and in accordance with the approval of the Central Government, the name of the Company was changed from Mynylon Limited to Reliance Textile Industries Limited. Since the name of the Company was changed to that of the amalgamating Company, the Investments and other Assets continued to remain in the same name. Pursuant to the special resolution passed by the members and pursuant to the order of the Company Law Board, the Company has transferred its registered office from the State of Karnataka to the State of Maharashtra and a certified copy of the order has been registered with the Registrar of Companies, Maharashtra, Bombay, as per his Certificate dated 4th August, 1977.
2. The figures of the previous year in the Profit and Loss Account represent the result of the working of the amalgamating Company for the period from 1st July, 1975 to 30th September, 1976, viz. for the period of 15 months, pursuant to the scheme of amalgamation of Reliance Textile Industries Limited, Bombay, with the Company, whereas figures of the current year represent the working result of 12 months of the Company. To this extent, figures of the previous year are not comparable with those of the current year.
3. The figures in the Balance Sheet and Profit & Loss Account of the previous year are regrouped and/or re-arranged wherever necessary.
4. The form of Balance Sheet is in accordance with the approval of the Company Law Board granted vide its letter No. 3/104-77-CL. VI of 29th June, 1977 under section 211(1) of the Companies Act, 1956.
5. Depreciation is provided in accounts in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956.
6. Liability for retiring gratuity payable to employees of the Company upto 30th September, 1977 has been determined by actuarial valuation at Rs. 9,83,000/- and necessary provision has been made in the accounts of the Company. The Gratuity Scheme of the Company has been approved by the Income Tax Department.
7. Provision has been made for Bonus payable for the year amounting to Rs. 14,04,183/- unlike in the past years. when the Company used to account for payment of Bonus on cash basis.
8. The Company follows the practice of accounting interest on Investments on cash basis and to write off the cost of loose tools in the year of purchase.
9. Sales Tax assessment of the Company has been completed upto accounting year 1973-74. The Company does not expect any further liability for pending assessments.
10. The Income Tax assessment of the Company is completed upto the assessment year 1975-76. The assessments for the earlier years of the amalgamating Company have been re-opened by the Income Tax Department for some of the years. The Company does not expect any further liability in this respect.

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11. in the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and neither in excess of nor in short of the amount reasonably necessary.
12. The Company has obtained the following Bridging Loans from financial institutions against unconditional and irrevocable Guarantees of a Bank to be adjusted against disbursement of term loans already sanctioned to finance the Company's expansion programme:-

1. Industrial Finance Corporation of India	Rs. 50.00 lakhs
2. Industrial Development Bank of India	Rs. 110.00 lakhs

Out of the total loan of Rs. 110.00 lakhs availed from the Industrial Development Bank of India, a sum of Rs. 43.03 lakhs is being adjusted against the amount payable in instalments on account of machinery purchased on deferred payment guarantee.

13. Conveyance and/or lease deeds in respect of various plots of land acquired by the Company from the Gujarat Industrial Development Corporation have been executed and in respect of others, sale deeds have been executed. Some of the said deeds have been lodged for registration which normally takes a long time.
14. The Company has received by way of advance deposit (carrying interest at the rate of 15% per annum) a sum of Rs. 35.00 lakhs from Unit Trust of India towards debentures to be privately placed, carrying interest at the rate of 11 % per annum. The same will be issued on execution of the Debenture Deed.
15. The Company has obtained an aggregate amount of Rs. 30.00 lakhs from the General Insurance Corporation and its subsidiaries, viz. Oriental Fire and General Insurance Co. Ltd., United India Fire and General Insurance Co. Ltd., National Insurance Company Ltd., and New India Assurance Co. Ltd., as application money in full towards issue of 30,000 11% Cumulative Redeemable Preference Shares of Rs. 1100/- each, which are redeemable before 15 years from the date of allotment but not earlier than 12 years from the date of allotment. The shares will be allotted after receiving consent from the Controller of Capital Issues, New Delhi. Necessary application in this respect has been made.
16. The figure of "Sundry Creditors" includes:-
- a) Rs. 42,74,848/- on account of outstanding payments due for purchase of Capital Assets.
 - b) Rs. 2,75,70,227/- payable in instalments on account of machinery purchased on Deferred Payment basis. Out of the above, a sum of Rs. 4,3,03,000/- is being adjusted from the bridging loan of Rs. 1,10,00,000/- availed from Industrial Development Bank of India.
 - c) Rs. 1,26,91,830/- due to firms and a proprietary concern in which some of the Directors of the Company are interested as Partners or Proprietors, and to Companies in which some of the Directors of the Company are interested as Directors.
17. In the Profit & Loss Account, expenditure amounting to Rs. 9,99,332/- pertaining to the previous year has been debited under relevant heads. Similarly, income amounting to Rs. 1,00,500/- pertaining to previous year has been credited under respective heads.
18. The figure of 'Sales' has been arrived at after adjusting:-

	1976-77 Rs.	1976-76 Rs.
1. Excise Duty paid	1,14,99,339	1,04,59,100
2. Sales Tax	64,15,785	21,17,583

Reliance Textile Industries Limited

19. The Company follows the practice of accounting for Export Incentives on cash basis.
20. The figure of -Additions to Buildings- and Investments include Rs. 6,91,000/- paid towards purchase of a residential flat and garages on ownership basis and Rs. 11,000/- as shares of New Usha Kiran Co-operative Housing Society, which stands in the name of a Director. Necessary approval of the Registrar of Co-operative Societies for transfer in the name of Director is awaited. The said Director has signed the necessary agreement reciting and ratifying that he holds the said flat, garages and shares in the said Society for and on behalf of the Company.
21. Unclaimed deferred dividend amounting to Rs. 15,111/- which was not deposited in a separate Bank account, has since been deposited in a separate Bank account.
22. Sundry Deposits received includes Rs. 3,800/- received as security deposit from staff (which was not deposited in a separate Bank account has since been deposited in a separate account with a scheduled Bank) and Rs. 1,95,421/- received from some members of the Staff towards "OwnYour Car Scheme".
23. The Company has entered into transactions of purchase and sale with firms in which some of the Directors are interested. The Company has made the necessary application under Section 297 of the Companies Act, 1956, to the Central Government for its approval.
24. The Company has been advised that the computation of Net Profit (for the purpose of calculation of Directors' remuneration under Section 349 of the Companies Act, 1956) need not be enumerated, since no commission has been paid to the Directors and also since only minimum remuneration has been paid to them, as per approval of the Central Government received under Section 198 and 309 of the Companies Act, 1956.

The details regarding managerial remuneration paid and/or provided to the Managing Directors and Executive Directors is as under:-

	1976-77 Rs.	1975-76 Rs.
A) Managing & Joint Managing Directors:		
1. Salaries	96,000	1,20,000
2. Contribution to Provident Fund and Superannuation Fund	24,000	19,800
3. Medical benefits	3,028	7,493
4. Provision for Gratuity (as per actuarial valuation)	3,800	5,151
5. Perquisites	23,133	27,394
B) Executive Directors:		
1. Salaries	1,08,000	1,35,000
2. Contribution to Provident Fund and Superannuation Fund	27,000	33,750
3. Medical benefits	1,143	4,924
4. Provision for Gratuity (as per actuarial valuation)	3,780	11,095
6. Perquisites	18,000	27,000

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25. CONTINGENT LIABILITIES:

	1976-77	1975-76
a) Estimated capital expenditure commitment not provided for (Advance against the same Rs. 9,66,590/-, previous year Rs. 7,50,261/-)	4,91,76,000	4,91,25,000
b) Counter guarantee given to the Bankers in respect of guarantee furnished by the Bank	8,82,71,675	3,22,22,634
c) Bond executed in favour of Excise or Custom Authorities	18,65,70,000	11,08,04,000
d) Bills discounted with the Banks and outstanding	5,16,85,599	4,88,34,891
e) Uncalled liability on shares partly paid	29,250	12,375
26. Details regarding licensed and installed- capacity to manufacture art silk fabrics etc.:		
a) Licensed Capacity:		
Looms	450	450
Knitting Machines (As per Textile Commissioner's Permit)	22	22
Crimping Machines (spindles)	2464	2464
Twisting Machines	20	20
b) Installed Capacity (As certified by the Management)		
Looms 450 246		
Knitting Machines	22	22
Crimping Machines (spindles)	2464	2464
Twisting Machines	20	20

27. Quantitative information in respect of Opening Stock, Closing Stock, Purchases, Sales and Consumption of Raw Materials:-

	Unit.	1976-77		1975-76	
		Quantity	Amount Rs.	Quantity	Amount Rs.
a) OPENING STOCK:					
Yarn	Kgs	2,90,551	2,42,01,141	1,66,021	1,11,17,641
Fabrics	Mtrs	18,36,854	2,95,30,004	14,28,613	2,40,28,289
Viscose staple	Kgs	2,373	17,899	—	—
Stock-in-process	Mtrs	25,28,652	2,77,13,334	7,93,110	1,17,04,822
b) CLOSING STOCK:					
Yarn	Kgs	2,36,230	1,24,92,833	2,90,551	2,42,01,141
Fabrics	Mtrs	24,59,303	4,68,45,200	18,36,854	2,95,30,004
Viscose staple	Kgs	—	—	2,373	17,899
Stock-in-process	Mtrs	26,66,587	2,94,67,877	26,28,652	2,77,13,334
c) PURCHASES:					
Yarn	Kgs	10,94,003	13,05,40,237	11,97,154	14,37,68,646
Fabrics	Mtrs	79,93,373	7,22,55,884	84,63,188	10,49,81,043
Dyes & Chemicals	Kgs	10,000	30,38,000	10,760	22,40,000
Cotton/pieces garments	Pcs	54,902	10,66,909	1,10,183	12,82,636
Viscose staple	Kgs	3,383	21,795	19,778	1,62,385
Necklaces	Nos.	—	—	3,700	58,640
See foods	Lbs	4,11,950	1,19,17,759	1,08,466	18,83,944
Handicrafts	Pcs.	—	—	6,140	1,09,900
Carpets	Sq. mtrs	—	—	213	50,445

Reliance Textile Industries Limited

	Unit.	1976-77		1975-76	
		Quantity	Amount Rs.	Quantity	Amount Rs.
d) SALES:					
Yarn	Kgs	22,63,987	31,56,08,779	16,81,521	27,42,02,642
Fabrics	Mtrs	2,07,51,623	33,81,82,721	2,26,56,534	34,65,77,940
Dyes & Chemicals	Kgs	10,000	28,00,000	10,750	22,40,000
Cotton garments	Pcs	54,902	10,81,046	1,10,183	19,38,139
Viscose staple	Kgs	5,756	86,908	17,405	2,00,158
Necklaces	Nos.	—	—	3,700	72,000
Seafoods	Lbs	4,11,950	1,15,84,407	1,08,466	18,83,944
Handicrafts	Pcs	—	—	6,140	1,31,620
Carpets	Sq. mtrs.	—	—	213	41,000
e) RAW MATERIALS CONSUMED:					
Yarn	Kgs	22,54,486	18,66,58,363	19,92,525	16,18,99,995
Fabrics (Grey)	Mtrs	60,89,677	9,51,89,871	86,48,496	9,09,05,780

28. PRODUCTION:

	Unit	1976-77	1975-76
Crimped yarn (including twisted yarn)	Kgs	17,62,983	14,66,571
Fabrics	Mtrs	1,33,80,699	1,47,68,980

29. Value of Imports on c.i.f. basis in respect of:-

i) Yarn (including Rs. 32,27,775/- through STC - previous year Rs. 1,31,46,124/-)	3,50,05,689	4,20,08,067
ii) Dyes Et Chemicals and spare parts and stores	15,99,228	18,50,688
iii) Capital goods	1,54,18,523	84,72,016

30. Expenditure in foreign currency on account of:-

Interest (paid to ICICI) on account of foreign exchange loans	29,06,489	42,98,822
Other matters (including commitment charges Rs. 35,706/- to ICICI - previous year Rs. 993).	4,03,098	1,67,237

31. Value of Raw Materials consumed:-

	1976-77		1975-76	
	% of total Rupees	consumption	Rupees	% of total consumption
Imported	14,80,02,485	52.51	11,25,57,308	44.52
Indigenous	13,38,45,749	47.49	14,02,48,467	65.48
	28,18,48,234	100.00	25,28,05,775	100.00

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32. Value of Dyes and Chemicals, Stores and Spare Parts consumed:-

	1976-77	
	% of total Rupees	consumption
Imported	36,60,301	11.19
Indigenous	2,90,36,036	88.81
	<u>3,26,96,337</u>	<u>100.00</u>

1975-76	
Rupees	% of total consumption
38,66,690	12.78
2,63,88,833	87.22
<u>3,02,55,523</u>	<u>100.00</u>

33. Earning in foreign exchange:-

Export of goods on f.o.b. basis

1976-77	1975-76
Rs.	Rs.
6,21,41,217 (Net)	6,81,79,818 (Net)

34. a) Break-up of expenditure incurred on employees who are employed throughout the period and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000/- per annum:-

Number of employees

Salaries Et Bonus

Contribution to Provident Fund & Superannuation Fund

Other perquisites

29	25
11,97,182	11,09,163
2,79,704	2,50,893
2,12,290	1,81,320

- b) Break-up of expenditure incurred on employees who were employed for a part of the period and were in receipt of remuneration for any part of the period at a rate which in aggregate was not less than Rs. 3,000/- per month:-

Number of employees

Salaries & Bonus

Contribution to Provident Fund and Superannuation Fund

Other perquisites

14	13
2,52,454	2,35,349
36,706	39,932
73,908	32,709

Signature to Schedules 'A' to 'O'

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,

For **CHATURVEDI & SHAH,**
Chartered Accountants.

V.M. AMBANI
Secretary

R. J. SHAH
Proprietor

D. CHATURVEDI
Partner

D.H. AMBANI
Chairman & Managing Director

R. H. AMBANI
Joint Managing Director

K. GOPAL RAO
J. R. SHAH
M. L BHAKTA
N. H. AMBANI
R. C. PATEL
R. L MESWANI } Directors

BOMBAY
Dated: 25th January, 1978

BOMBAY
Dated: 23rd January, 1978

Reliance Textile Industries Limited

On February 11, 1966, Reliance Textile Industries was born. It started with a capital outlay of Rs. 15 lakhs. It was housed in a small 1672 sq. mt. building. The total equipment comprised of four warp knitting machines and a dyeing section. The new company employed only 70 people.

On February 11, 1976, Reliance Textile Industries became a 10-year old company.

It also became :

- India's leading exporter of sophisticated synthetic fabrics to over 50 countries of the world;
- India's most modern synthetic mill, with all operations under one roof., and
- India's only textile mill with an unprecedented growth record. For instance, the sales turnover increased by 74 times-from Rs. 90 lakhs in 1967 to Rs. 6693 lakhs in 1977.

Today Reliance Textile Industries Limited employs over 3500 people. Besides having the most modern plant and machinery, the company has some of the finest technologists in the country-specialists in the manufacture and processing of synthetic yarn; technicians who can crimp, twist, double and dye yarn which can be knitted or woven into the inimitable range of Vimal fabrics; weaving and knitting technicians who understand stretch yarn and convert it into fascinating fabric; Chemical, Civil, Mechanical Engineers and printing technologists whose skill has been acknowledged world wide.

Leading this fine band of professionals is a team of Directors, each one a specialist in his own field-finance, production, labour relations, marketing and exports.

The result : a fabric of international reputation -Vimal; and a company of unparalleled growth-Reliance Textile Industries Limited.